



JON M. HUNTSMAN, JR.
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State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

MARY ANN WRIGHT
Acting Division Director

Supervisor AAH

Inspection Report

Minerals Regulatory Program

Report Date: February 16, 2005

Mine Name: Goldstrike Project
Operator or Permittee Name:
USMX, Bankrupt Corporation
Permittee Mailing Address:
None

Permit number: M/053/005
Inspection Date: February 3, 2005

Inspector(s): Doug Jensen

Weather: Cool, Clear
Inspection Start Time: 9:30 a.m.

Inspection End Time: 2:30 p.m.

Other Participants: Dan Slyter

Site location/Area Inspected (i.e. Pit #):
Site

Permit Status: Forclosed

Surface Ownership: BLM/Fee

Current Acreages:

Mineral Ownership: BLM/Fee

Total Permitted (Bonded): N/A

Mineral Mined: Gold

Total Disturbed: 387 Acres

Type of Mine: Open Pit

Elements of Inspection	Evaluated	N/A	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (open shafts, adits, trash, signs, highwalls)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Explosives, magazines	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Deleterious Material	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Roads (maintenance, surfacing, dust control, safety)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Concurrent Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Erosion Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Demolition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Backfilling and Grading (trenches, pits, roads, highwalls, shafts, drill holes)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Water Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Soils	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Air Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Purpose of Inspection:

Check access into the site for possible Board tour. Also to check the stability of the site due to the recent heavy rains in the area.

Inspection Summary:

The heavy rains that recently hit the St. George area has impacted this site. A rain gauge at the site indicates that the site has had more than 8.5 inches of rain in the last 60 days. On Dan's last inspection several weeks ago, the rain gauge had overflowed after showing 5 inches of rain, so it is not known how much rain the site received during that time period.

6. Roads (maintenance, surfacing, dust control, safety) -- The road into the site has been washed out in several places. Our site visit was on ATVs furnished by Dan. Because of the washed out road and the low priority on the county road maintenance schedule, a visit to this site by the Board is not feasible at this time.

8. Erosion Control -- I walked around the site to check for any erosion problems caused by the recent heavy rains. There was no sign of rilling or erosion problems on the heaps or the plant site. There was no sign of any problem with the underground drain system installed to drain heap effluent from the two heap leach pads.

The catch pond constructed across Quail Canyon shows that water had overflowed from this structure. The water flowed out through an overflow structure and partially eroded away the road below. The overflow water did not have any effect on the reclaimed areas at the site.

13. Revegetation -- The revegetation effort at the site looked good. The grasses on the site are already starting to green up. With this heavy spring precipitation at the site, the vegetation should do very well this summer, providing that the area also gets some rain later in the year to sustain the growth.

The road crossing at Arsenic Canyon showed that again a large amount of water had backed up above the road. All the humus material that had been deposited before my last visit to the site had been washed away and is now somewhere in Lake Mead, or somewhere along the way. Dan's effort to clean trees and brush that had plugged the culvert during the last high water event probably saved the road in this area during this last storm. Even with both culverts open, the high water still backed up almost to a point of overflowing. The upper four-foot culvert presently has a large tree blocking it, Dan will remove this obstruction during his next site visit. Photos were taken of this area and are included in this report.

Overall, the site looks very good considering the amount of water that has fallen in the area this spring.

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Directions to the site:

The site is located ~25 miles northwest of St. George off the Motaqua Road. During this visit we had to use a secondary access road to the site because the main road crossed the Santa Clara River which washed out the entire area of the original crossing.

GPS data:

None gathered.

Inspector's Signature

A handwritten signature in cursive script, appearing to read "Doug Jensen", is written over a horizontal line.

Date: February 16, 2005

DJ:jb

Enclosures: photos

cc: Rody Cox, BLM, St George FO

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